



USDA Foreign Agricultural Service

# GAIN Report

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## Slovakia

### Agricultural Situation

## Slovak Food Industry and EU Accession 2004

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**Report Highlights:**

According to the Ministry of Economy (MoE), the dynamic economic growth of Slovakia's food industry will slow down during the next decade. The slow down will be due to sugar and dairy production quotas in the EU. The MoE also expects increased concentration in the food-processing sector due to massive foreign investment. The EU accession should result in increased food consumption in general.

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According to the Ministry of Economy (MoE), the dynamic economic growth of Slovakia's food industry will slow down during the next decade. The slow down will be due to sugar and dairy production quotas in the EU. The MoE also expects increased concentration in the food-processing sector due to massive foreign investment. The EU accession should result in increased food consumption in general.

The current situation for Slovak farmers before the EU accession is not the best due to significant losses caused by extreme weather conditions in 2003. According to Research Institute of Agricultural and Food Economics, last year's drought resulted in 60 percent of farmers operating in the red. Compared to 2002, the total income of farmers decreased by 2.5 billions SK\* and production was down, especially for grains and pork.

In general, prices of food increased by 0.2 percent compared to the same period last year. The biggest increases have included vegetables which have risen by 1.6 %; grain products with an increase of 1.4 %; sugar, honey and confectionery with an increase of 1.1 %; and fish which has increased by 0.4 %. Conversely, prices of fruits and meat decreased by 1.2 %. Prices of non-alcoholic beverages went up by 0.4 %; prices of alcoholic beverages went the other direction and dropped by 0.1 %. Tobacco prices have risen by 0.3 %.

The EU accession will have a negative impact on Slovak meat processing sector where companies that cannot meet the EU strict hygienic standards will be closed down. About 100 meat-processing companies have already shut down, and another hundred are expected to close by May 1, 2004.

The EU accession will have a serious impact on imports from third countries. The current average tariff rate could increase from 5.21 % to as high as 28.35 %.

\* 1 US\$ = 33.018 SK

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